

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE**

**Call to Order:** By **CHAIRMAN JEFF PATTISON**, on February 13, 2003  
at 8 A.M., in Room 317-C Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Jeff Pattison, Chairman (R)  
Sen. Bill Tash, Vice Chairman (R)  
Rep. John Musgrove (D)  
Sen. Linda Nelson (D)  
Rep. Rick Ripley (R)

##### **Members Excused:**

Sen. Edward Butcher (R)  
Sen. Debbie Shea (D)

**Members Absent:** None.

**Staff Present:** Elaine Olsen, Committee Secretary  
Doug Schmitz, OBPP  
Todd Younkin, Legislative Branch

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape time stamp refers to the material which follows.

##### **Committee Business Summary:**

Hearing & Date Posted: None  
Executive Action: Department of Commerce; Department  
of Agriculture

All votes are voice votes unless otherwise stated.

**{Tape: 1; Side: A; Approx. Time Counter: 1 - 8}**

**Todd Younkin** stated that the Subcommittee and the Department of Commerce(DOC) had discussed a proposal to eliminate the Community Technical Assistance Program(CTAP). The proposal would eliminate the entire CTAP and an additional five FTE from various areas within the DOC. The CTAP has approximately \$273,000 each year in General Fund in its adjusted base. The remaining General Fund reductions in the proposal are tied to FTE from various programs.

**EXHIBIT(jnh32a01)**

**CHAIRMAN PATTISON** said that at this point the Committee could vote to accept the proposal in concept. The LFD would prepare the final numbers. He stated that HB492 had taken some funding from the Tourism Montana program. In discussions with some of the Committee members, it has been proposed that the Committee should attempt to restore that funding through the General Fund reductions accomplished by the actions taken on the CTAP.

**Doug Schmitz, OBPP**, asked the Committee to give consideration to the fact that the amount of reduction allocated to the Coal Board account was more than had been intended. Newell Anderson, Administrator of the Community Development Division of the DOC, had indicated a reduction amount that the Division could absorb.

**Mark Simonich, Director, DOC**, said that the elimination of the CTAP was a difficult decision but the Department did prefer to make the General Fund reductions in a focused manner, rather than weakening several programs.

**Motion/Vote:** SEN. TASH moved to ACCEPT IN CONCEPT THE PROPOSAL TO ELIMINATE THE COMMUNITY TECHNICAL ASSISTANCE PROGRAM AND FIVE FTE FROM THE DEPARTMENT OF COMMERCE DO PASS. Motion carried unanimously.

**{Tape: 1; Side: A; Approx. Time Counter: 8 - 10}**

**Todd Younkin** said that \$200,000 was carried into the Department base funding in error and the Committee may want to eliminate that amount from the base budget. In addition, the Department has proposed a \$70,000 reduction in the Trade and International Relations Bureau which would result in the closing of the Komomoto International Trade Office in Helena.

**Motion/Vote:** SEN. NELSON moved that \$200,000 BE REMOVED FROM THE DEPARTMENT OF COMMERCE BASE BUDGET AND THAT \$70,000 BE REMOVED

**FROM THE TRADE AND INTERNATIONAL RELATIONS BUREAU DO PASS. Motion carried unanimously.**

***{Tape: 1; Side: A; Approx. Time Counter: 10 - 13}***

**Todd Younkin** said that it had been suggested that the Committee could adopt in concept the remainder of the executive budget proposal. He said that if the Committee adopted that proposal, he would request the flexibility to move some of Housing Division's Section 8 funding into a proprietary account. In addition, he would recommend that for the sake of clarity, two DP's in the Research and Commercialization Program be omitted. In effect the DP's remove and add the same two FTE.

**Motion/Vote: REP. RIPLEY moved that ADOPTION OF THE REMAINDER OF THE EXECUTIVE BUDGET WITH SOME FUNDING IN THE SECTION 8 HOUSING BUDGET BE MOVED INTO A PROPRIETARY ACCOUNT AND THAT TWO DP'S IN THE RESEARCH AND COMMERCIALIZATION PROGRAM BE OMITTED DO PASS. Motion carried unanimously.**

**CHAIRMAN PATTISON** stated that tomorrow the Committee would review the Coal Board funding in the Community Development Division. He asked Andy Poole of the DOC to provide a short summary of the Certified Community Program.

***{Tape: 1; Side: A; Approx. Time Counter: 13 - 19}***

**Andy Poole, Administrator, Business Resource Division, DOC,** said the Certified Community Program has been in existence for about ten years but the first time it was funded was 2000. During the first years of the program, 43 communities participated without receiving any funding. In 2000, the program received \$425,000 for each year of the biennium. The 2002 Special Session removed that funding.

**Andy Poole** said Montana has 182 communities that would be eligible for funding. When funding was available, 66 communities applied. As more communities apply, the amount each community receives is reduced. The average amount received in FY 2001 was \$7,570 and in 2002, 66 communities each received \$5,856. The statute provides a maximum and a minimum that any community can receive.

**Andy Poole** said that HB76 which has been introduced at the request of the DOC, would change the statute. The Department proposes to fund up to 12 regional development corporations. The intent is to create the capacity in regions within Montana to do economic development, co-locate small business and microbusiness

development center programs and Community Development Block Grants (CDBG).

**CHAIRMAN PATTISON** said that the proposed changes could hurt the smaller, isolated communities.

***{Tape: 1; Side: A; Approx. Time Counter: 19 - 24}***

**Director Simonich** said DOC worked with the Office of Economic Opportunity on the proposal contained in HB76. As additional communities became certified, less money was available for all of the applicants. Even small communities would have a difficult time implementing any meaningful economic development with \$3,000. Regional organizations around the state currently are delivering multiple economic programs. Using these existing organizations would allow the limited resources to be distributed to meaningful programs.

***{Tape: 1; Side: A; Approx. Time Counter: 24 - 27}***

**SEN. TASH** said he concurred in the DOC's approach. The initial intent was to focus on entry-point communities such as Lima. These communities could provide information about activities and points of interest in the regions.

**SEN. NELSON** asked if the eligible communities have to have projects defined in order to receive funding. **Mark Simonich** said that currently the funding is a lump sum which goes to a community on an annual basis. The current statute provides a minimum and maximum funding amount. Bigger cities are receiving more money and smaller communities are receiving limited amounts. The goal of the new proposal is to even that funding out somewhat. The DOC is waiving the money they are allowed for administering the funds and is making the entire amount available for the communities.

***{Tape: 1; Side: A; Approx. Time Counter: 27 - 30}***

**SEN. NELSON** asked what criteria the community must meet to become a certified community. **Andy Poole** said communities need to submit an application with a contact sheet, a resolution from a local governing body stating which organization is authorized to represent the community, a community profile listing the assets of the community such as schools, transportation, and infrastructure, a document describing the community's plans for the future, and a calendar describing the implementation of plans. A year-end report on progress is also required.

**REP. RIPLEY** asked if the DOC has any success stories from small Montana communities. **Andy Poole** said he would provide the committee with copies of annual reports.

*{Tape: 1; Side: B; Approx. Time Counter: 1 - 4}*

**SEN. NELSON** asked how the DOC would determine which organization would administer the funds. **Andy Poole** said that rules will be adopted with the intent being to set up a partnership structure. It is felt that those organizations that already house some of the ongoing projects are most likely candidates to be selected in the regions. For an application to the DOC to be successful, the organization must have the support of the towns and communities in the region.

**SEN. NELSON** commented that it seemed that if the distribution of the money is centralized, it often appears that the money is spent in that one area and is not always distributed to the small communities in the outlying areas. **REP. MUSGROVE** said that had not been his experience with the Bear Paw Development.

*{Tape: 1; Side: B; Approx. Time Counter: 4 - 10}*

**REP. RIPLEY** asked if money would be saved in the Treasure State Endowment Program(TSEP) by adding an FTE rather than using contracted services. **Newell Anderson** replied that DOC believes they have maximized their efficiency by using contracted and staff engineers. Engineers from other state agencies provide assistance when they have the time. As the applications come in, they are reviewed by contract engineers. When the Department is dealing with \$15 million in diverse engineering projects, it is prudent management to have a residential engineer in on the process. As projects proceed, change orders develop and technical decisions have to be made in managing those contracts.

**SEN. TASH** asked if the Research and Commercialization Grants were statutorily mandated. **Director Simonich** said that the funding is a statutory appropriation. The initial appropriation was \$4.85 million a year. HB177 would eliminate that statutory appropriation. The staff would continue to oversee the existing grants.

*{Tape: 1; Side: B; Approx. Time Counter: 10 - 22}*

**CHAIRMAN PATTISON** said that the Committee would followup with **REP. LEWIS** to see if funding for the Travel Montana Program can be restored.

**Director Simonich**, on behalf of the DOC, thanked the Committee for their support. He thanked Todd Younkin, LFD, stating, "Todd had been incredible to work with." He commented that the OBPP had been a great help.

**Ralph Peck, Director, Department of Agriculture (DOAg)**, said HB31 had been passed and signed by the Governor. The bill includes a provision for a \$10 registration fee for fertilizers. Rules have been adopted for the DOAg to test fertilizers for heavy metals. The Department is requesting spending authority to utilize the funds derived from the fees. The estimated expenditure is \$12,100

**EXHIBIT (jnh32a02)**

**SEN. TASH** asked if the testing would be done at the DOAg laboratory. **Director Peck** said the testing would be done at the at McCall Hall on the Montana State University (MSU) campus.

**CHAIRMAN PATTISON** asked if the testing was related the use of anhydrous ammonia in the manufacturing of methamphetamine. **Director Peck** said that was a separate issue. Currently researcher are hoping to develop additives that would yield the anhydrous ammonia unuseable in the production of methamphetamine.

**CHAIRMAN PATTISON** asked if heavy metals in fertilizer had been a wide-spread problem in Montana. **Ralph Peck** said that it was hoped that the industry would establish the standards. The issue has not been a big problem in Montana, but citizens are concerned.

**Doug Schmitz** said that HB31 has been passed and signed. The Department has identified the costs of providing the service to test the fertilizer, and has estimated the revenues that will be generated through fees. The effort today is to incorporate the spending authority in the Department budget now rather than trying to amend HB2 later in the process.

**Todd Younkin** said the Committee would need to vote to allow the Department the spending authority for funds generated through HB31.

**Motion/Vote:** REP. PATTISON moved that THE DEPARTMENT OF AGRICULTURE BE GIVEN THE SPENDING AUTHORITY FOR FUNDS GENERATED THROUGH FEES ESTABLISHED IN HB31 DO PASS. Motion carried unanimously.

**ADJOURNMENT**

Adjournment: 11 P.M.

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REP. JEFF PATTISON, Chairman

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ELAINE G. OLSEN, Secretary

JP/EGO

**EXHIBIT** (jnh32aad)